

# Practical Techniques for Strategic Planning in Health Care Organizations

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## In this article...

**Take a look at the elements needed to create a strong strategic plan.**

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The development of an organizational strategy provides a long-term road map for a health care organization, and is vitally important in the light of current uncertain economic circumstances.

The strategy statements provide the bedrock for the entire organization to create and execute tactics for viable future business, prioritize goals, and allocate and coordinate resources.

Yet, strategic planning appears to be grossly underutilized, especially in the health care sector. It is often viewed as a ritualistic task that needs to be done.<sup>1</sup> Yet executives often commit significant resources to the process. In fact, Taub remarks that a company with over 3000 employees spends on an average, \$3.1 million to produce a strategic plan, with little return.<sup>2</sup>

Strategic planning is a “set of organizational processes for identifying the desired future of the organization and developing decision guidelines”<sup>3</sup> and provides a map for how an organization will achieve its objectives and goals.

In addition to the obvious benefit of creating a strategic plan for the organization, the process itself, if done well, is powerful in team building and creating the necessary buy-in and enthusiasm for future change and action.

It also provides guidance for product and market improvement, and enhancement of operational processes, community engagement and bottom-line productivity.

## Creating a sense of urgency

It is critical to recognize that strategic planning is the ultimate responsibility of the senior management team led by the senior-most executive responsible for the organization or the work-unit.

At the first kickoff meeting of the executive team, we recommend that the leader present a big-picture view of the future and vision for the organization and the need for change.

The sense of urgency galvanizes the team to action and creates the support of the overall organization for the evolutionary or radical changes that need to occur. Some of the issues the leader will need to address are:

- Where are we compared to where we want to be?
- Organizational problems
- Management problems
- Staff problems
- Failures of the past and present
- Future vision

Typically, a deeply felt statement of purpose for the organization that will also make work personally meaningful is important to rally the team for the work ahead.

For example, at Mayo Clinic, a singular guiding focus of the strategic and tactical goals of the organization and unifies the staff is reflected in the primary value of the organization: “The needs of the patient come first.”

## Creating a vision statement

The kick-off meeting is typically followed by brainstorming sessions by the executive team to create a vision statement for the organization (see Figure 1). Common characteristics of vision statements include:

- The vision statement embodies the highest values and aspirations for excellence, service, and community.
- A vision provides the inspiration to the staff to reach for what could be, and to rise above their fears and preoccupations with the current situation.

**Figure 1. Strategic Planning**



Utilizing a knowledgeable facilitator to guide the brainstorming process is recommended for an efficient process, and serves as an external validator of the statement.

## Strategic analysis

To develop tactics, it is important to review internal and external data to allow examination of capabilities and weaknesses in the organization's cur-

rent processes and structure in order to meet the vision.

Beginning with the end in mind will avoid being mired by preoccupations with the current state of the organization. Typically, this entails competitive market analysis, a SWOT (strength, weakness, opportunities, threats) analysis of the organization in its current state, management and financial accounting, and examina-

tion of the marketing plan, strategic alliances, and current organizational process and structure.

It is important that, as the management team works on this analysis, the leadership continues to exude vision and statement of purpose. This analysis should provide the elucidation of the current business status with the delineation of what the organization should be in the future. Some

of the inputs to consider during the strategic analysis include:

- How large should the organization be?
- Where is it located?
- How does it interact with other parts of the organization?
- How does it interact with the outside world?
- How does the staff interact with each other?
- What is the leadership structure?
- Are partners needed to achieve strategic goals and vision?
- What do we value as outcomes?
- How can we measure success?

## Strategy formulation

Once the strategic analysis is complete, the critical step of strategy formulation comes to play. Hambrick and Fredrickson<sup>4</sup> outline the key elements of strategy (See Figure 1) to include:

- Differentiators for the organization to win in the marketplace
- Vehicles to get there
- Arenas in which the organization will be active to be competitive
- Staging the speed and sequence of the implementation plan
- Economic logic that determines how the organization will obtain returns

The strategy formulation is best carried out by the executive team with assistance from the management team.

## Creating an action plan

Once the strategy is formulated, the specific tactics to achieve the

goals, the implementation timeline and team, budgets and resources, and metrics for success will need to be drawn out by the management team.

Once these are vetted and modified with input from the executive team and leader, it is ready to be communicated to the organization. The plan is communicated only after complete management alignment and commitment to the plan.

## Challenges

Typical challenges that organizations or teams face during strategy planning include:

- An inordinate amount of time spent on analysis without reaching the primary goal to reach a strategy
- The strategic planning becoming too operational versus visionary
- Too lengthy a process, such that participants lose interest and momentum
- Not involving the right people in the planning process
- Not creating measures to evaluate success of goals and objectives

In the end, physician executives can use the strength of strategic planning and its process to develop clarity of purpose and vision to catalyze organizational alignment where employees are inspired to work together as part of a larger whole to attain the organizational vision.



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